

Washington Asphalt Paving Association



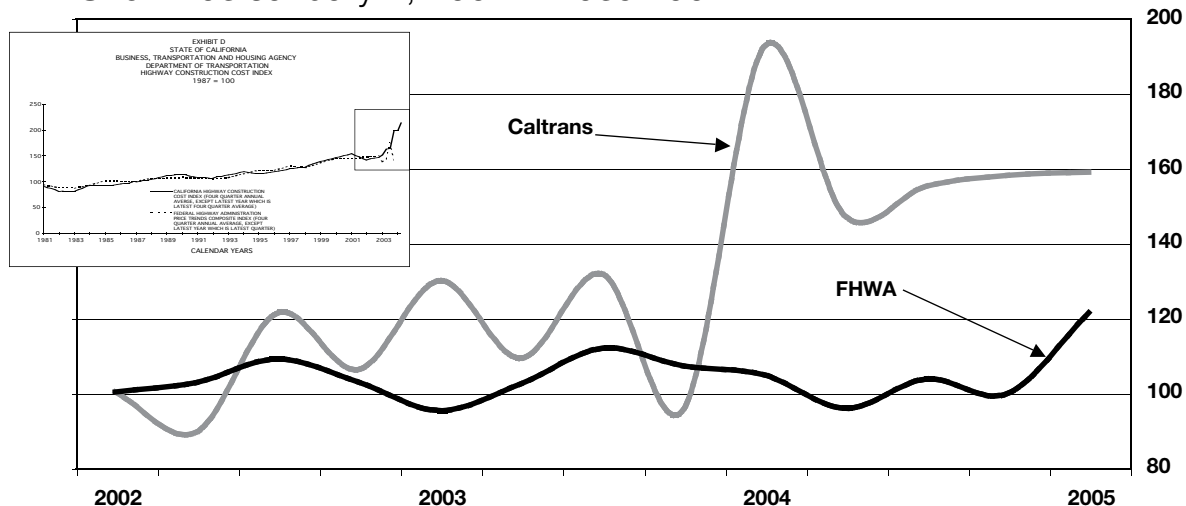
Washington State
Department of Transportation

Chelan Washington
June 2-3, 2005

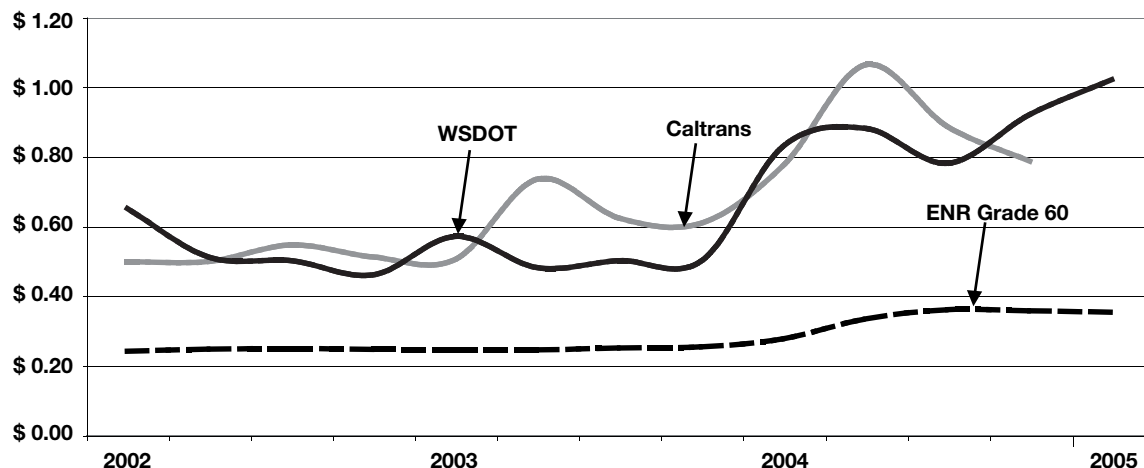
For more information, contact:
Kevin J. Dayton, P.E.
State Construction Engineer
360-705-7821
DaytonK@wsdot.wa.gov

Keeping Informed About Recent Upward Pressures and Trends in Highway Construction Costs

Caltrans and FHWA Highway Construction Cost Index Trends Shown as January 1, 2002 = Base 100



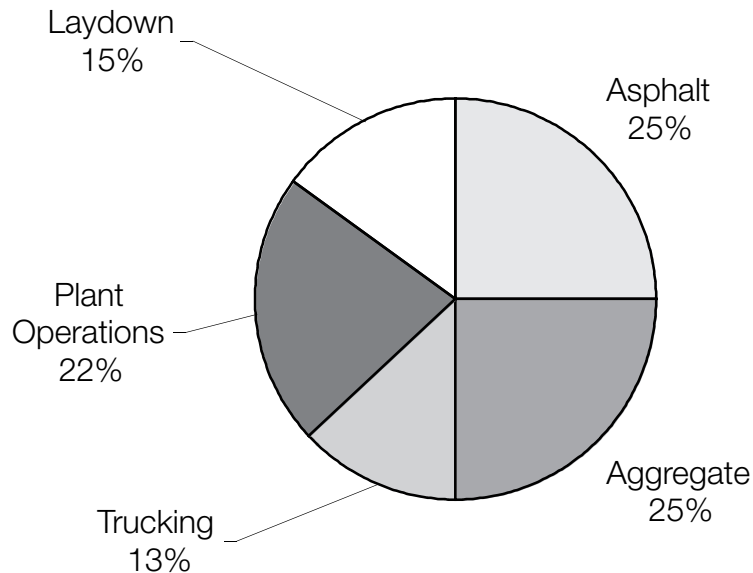
Steel Reinforcing Bar January 1, 2002 to Present Dollars Per Pound





Hot Mix Asphalt is Especially Sensitive To Petroleum Prices

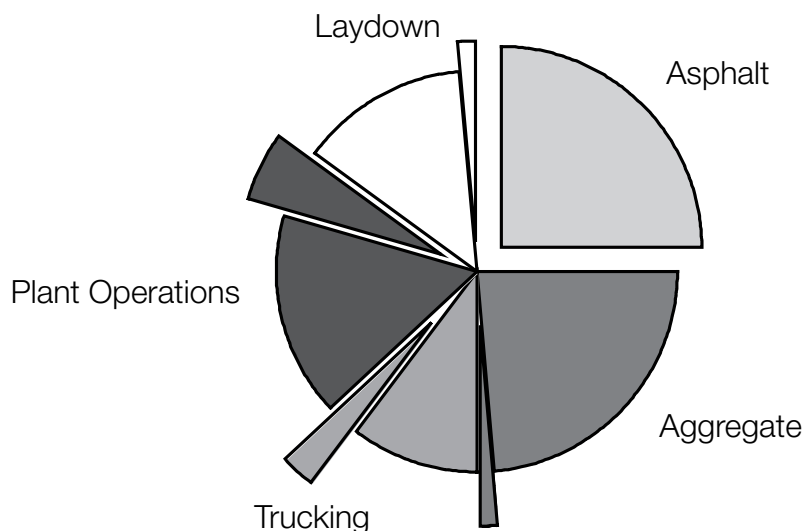
WSDOT Surmise of Typical Cost Components of \$40/ton HMA



Asphalt	\$ 10.00
Aggregate	\$ 10.00
Trucking	\$ 5.20
Plant Ops.	\$ 8.80
Laydown	\$ 6.00
	<u>\$ 40.00</u>

WSDOT Guesstimates That 36% of the Cost of a Ton of HMA is Driven Directly From Petroleum Costs

WSDOT Surmise of Petroleum Share of HMA Cost Components



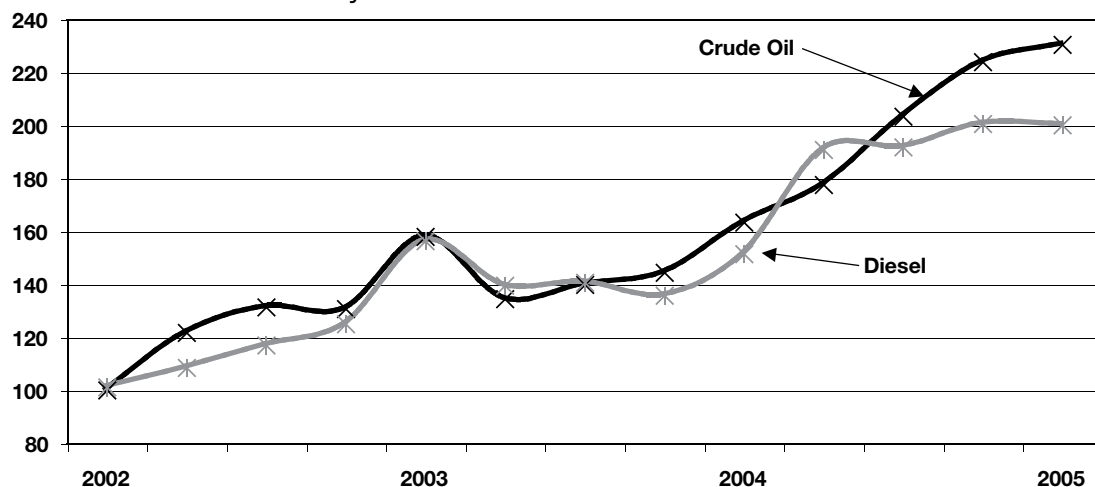
Asphalt	25%
Aggregate	1%
Trucking	3%
Plant Ops.	5%
Laydown	2%
Total	<u>36%</u>



Petroleum Prices Have More Than Doubled Since January 2002

Crude Oil and Diesel Price Movements

Shown as January 2002 = Base 100

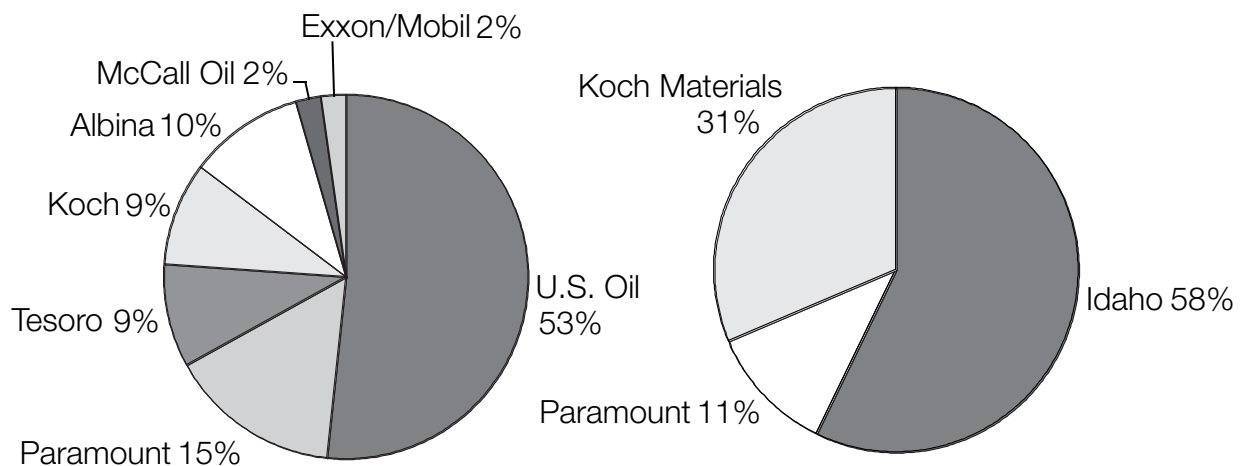


For Asphalt Supply Western WA and Eastern WA Markets Have Very Different Structures

Estimated Market Shares of Asphalt Suppliers

Western Washington Market Share

Eastern Washington Market Share

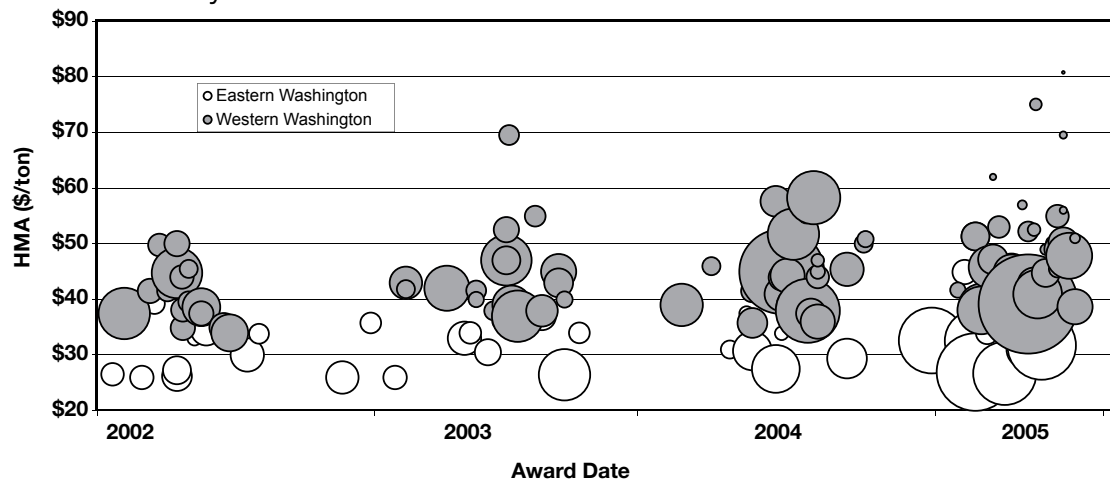




Hot Mix Asphalt Unit Prices in WSDOT Contracts Have Shown Contract-to-Contract Variation

Unit Price and Relative Tonnage of WSDOT Hot Mix Asphalt

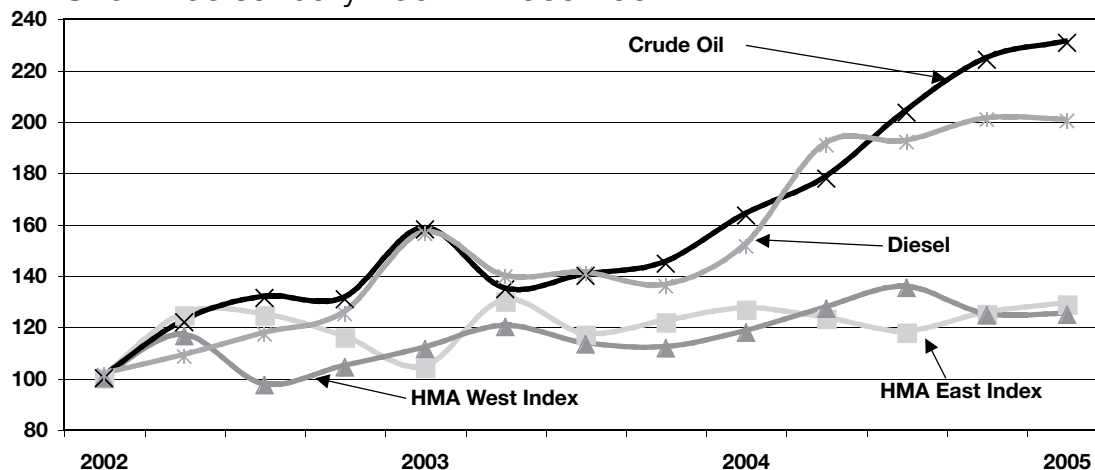
January 2002 to Present



Trend Comparisons Between Petroleum Product Prices and Hot Mix Asphalt Unit Prices Are Interesting

Upward Trend of HMA Unit Prices Has Been Less Forceful than for Petroleum Costs - and Not Consistent

Shown as January 2002 = Base 100



Where do we go from here?

How do we establish “No Surprises” trust with the public and officials?